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This report is the product of a roundtable held at the U.S. Army War College on June 16, 1992, in response to the growing socioeconomic and political crisis in Peru. Its purpose was to bring together a wide range of experts from both government and academia to discuss causes and nature of the crisis, probable outcomes, and implications for the United States and, in particular, the U.S. Army. They examined U.S. interests in the region, the prospects for a Sendero Luminoso (Shining Path) victory, and laid out some of the elements of a strategy that might increase the chances of an outcome acceptable to both the U.S. and Peruvian governments. There was a general consensus that the current U.S. policy, which seeks to push President Fujimori back on the road to democracy, is the right one. Selective sanctions have demonstrated our resolve without so completely isolating the Peruvian government and crippling the economy as to threaten the regime's immediate survival. At the

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same time, a formidable long-range problem remains unresolved: an apparent conflict between our counterinsurgency and counternarcotics objectives exists such that the pursuit of the latter may prove detrimental to the attainment of the former.

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U.S. Army War College

Special Report

STRATEGY FOR PERU: A POLITICAL-MILITARY DIALOGUE

Dr. Donald E. Schulz
Dr. Gabriel Marcella

STRATEGY FOR PERU:
A POLITICAL-MILITARY DIALOGUE

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Strategic Studies Institute

and

Dr. Gabriel Marcella
Department of National Security and Strategy

Special Report on Roundtable Held

June 11, 1992

at the

U.S. Army War College
Carlisle Barracks, Pennsylvania

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FOREWORD

This report is the product of a roundtable on "Strategy For Peru: A Political-Military Dialogue," held at the U.S. Army War College on June 11, 1992. The conference was organized by Dr. Gabriel Marcella of the Department of National Security and Strategy (DNSS) in collaboration with Drs. John Fishel and Donald Schulz of the Strategic Studies Institute and Colonels James Kelly and George Allport of DNSS. The meeting was held in response to the growing socioeconomic and political crisis in Peru, with the purpose of bringing together a wide range of experts to discuss the causes and nature of the crisis, the probable outcomes and the implications for the United States and, in particular, the U.S. Army.

The program was funded by the Army Chief of Staff's Strategic Outreach Program. Among those in attendance were some 35 members of the defense, foreign policy, intelligence, and academic communities, including representatives from the U.S. Army Command and General Staff College, Inter-American Dialogue, American Federation of Scientists, Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, Office of National Drug Control Policy, Boston University, and George Washington University.

Gary L Guertner

GARY L. GUERTNER
Acting Director
Strategic Studies Institute

BIOGRAPHICAL SKETCHES OF THE RAPPORTEURS

DONALD E. SCHULZ is an Associate Research Professor at the Strategic Studies Institute, U.S. Army War College. He holds a Ph.D. degree in Political Science from the Ohio State University. He has taught at several universities, most recently Northeastern Illinois University in Chicago. From 1987 to 1989, he lived in Honduras while researching a book on *The Depths: The United States, Honduras and the Crisis in Central America*. Among his other publications are edited volumes on *Revolution and Counterrevolution in Central America and the Caribbean* and *Political Participation in Communist Systems*. His articles have appeared in *Foreign Policy*, *Orbis*, *Newsweek*, *The Washington Post*, and other academic and popular publications.

GABRIEL MARCELLA is Director of Third World Studies with the Department of National Security and Strategy, U.S. Army War College. He holds a Ph.D. degree in History from the University of Notre Dame. He has taught at Notre Dame, Temple, and St. Joseph's Universities, and served as International Affairs Advisor to the Commander-in-Chief, U.S. Southern Command, Panama, 1987-1989. He has written extensively on strategy, low-intensity conflict, and Latin American policy. His publications have appeared in the *Journal of Inter-American Studies and World Affairs*, *Estudios Internacionales*, *Inter-American Economic Affairs*, *North-South*, *Analisis*, *Parameters*, *Air University Review*, and in various edited volumes. In addition, he has served on policy study commissions dealing with Caribbean security, Central American recovery and development, international terrorism, and U.S. interests in Latin America.

AMONG THE PARTICIPANTS

David Scott Palmer is professor of international relations and political science and Director of the Latin American Studies Program at Boston University. He has written extensively on Peruvian affairs, most recently as editor of *Shining Path of Peru*. He is formerly the Director of Latin American Studies, Foreign Service Institute.

Michael L. Smith is a Washington-based writer with 16 years of residence and study in Peru. He is currently associated with the American Federation of Scientists. His latest publication is "Sendero's Urban Strategy: Ate Vitarte."

Cynthia McClintock is professor of political science at George Washington University. She is a prolific writer and commentator on Peruvian affairs. Among her recent writings are "Opportunities and Constraints to Source Reduction of Coca: The Peruvian Socio-Political Context"; and "Theories of Revolution and the Peruvian Case."

Peter Hakim is director of the Inter-American Dialogue in Washington, D.C. He has traveled and worked extensively in Latin America for the Ford Foundation, and has written widely on U.S. policy in Latin America.

John Fishel has been professor of National Security Affairs at the U.S. Army's Command and General Staff College since summer 1992. He has held policy and strategy positions at the U.S. Southern Command, and he has written extensively on low-intensity conflict and military strategy. His latest publication is *The Fog of Peace: Planning and Executing the Restoration of Panama*.

Fred Woerner is a retired four-star general, who is currently professor of international relations at Boston University. He culminated his military career as Commander-in-Chief, United States Southern Command, Panama. He was a career Latin American foreign affairs officer in the U.S. Army.

George Allport, a U.S. Army Colonel, is Director of the Americas Studies, Department of National Security and Strategy, U.S. Army War College. He has extensive field experience in Latin America, including Argentina, Bolivia, Nicaragua, and Panama. He is a career Latin American foreign area specialist.

James Kelly, also a colonel in the U.S. Army, is Director of Theory of War Studies, Department of National Security and Strategy at the U.S. Army War College. He has extensive field experience in Latin America, including Peru, Nicaragua, and Panama. He has served as Commander of the U.S. Military Advisory Group, Panama. He is a career Latin American foreign area specialist.

STRATEGY FOR PERU:
A POLITICAL-MILITARY DIALOGUE

Conference Summary.*

Perhaps more interesting than the participants' points of agreement were their disagreements. Everyone conceded that Peru was a basket case. But whether it is in the United States' interests to become more deeply involved was a matter of debate. One participant argued that the United States had no "vital" interests and few opportunities in Peru. Another said that he was not sure what U.S. interests were. Others, however, stressed the importance of democracy, drugs and human rights.

Even more divisive was the question of *how* the United States should come to terms with the situation. Should we take a traditional security approach? Or, as the keynote speaker suggested, should we rearticulate our interests in political and socioeconomic terms more in accord with the New World Order? The problem with security concerns, he argued, is that they are discredited in Congress. Sendero Luminoso (SL) does not have credibility as a threat to the United States. Others, however, pointed out that there is little congressional interest in the other variables in the Peruvian equation. Most legislators don't care about Peru or Latin America. Other countries have a greater claim to U.S. aid. By the end of the session, even the keynote speaker was talking in terms of a traditional security strategy. He noted that few of the political gains that were made in the region during the 1980s would have been achieved had we not been focused on security issues.

*The conference proceedings are contained in the appendix.

Everyone agreed that SL was a problem but there was considerable disagreement as to the magnitude and importance of the threat. Two speakers felt that the stakes were very high, especially because of the human rights implications of a SL victory. Another said that a good case could be made for U.S. involvement based on the movement's expansionistic nature. (If victorious, it is unlikely to be limited to Peru.) On the other hand, he assessed the chances of a Sendero victory as being rather low—not better than 20 percent. In contrast, another speaker was more pessimistic, putting the odds at 50-50 within the next 5 years. There seemed to be a general consensus that SL has serious weaknesses—in particular, a proclivity for engaging in massive violence (which has alienated many people). But the government also has major debilities. What Sendero does seems to be less important than what the government does. It is less a matter of the former winning the war than of the latter losing it.

Though Sendero has only 5,000 combatants, it claims to be in the intermediate stage of struggle. This must be understood in political terms. There is a complete breakdown of legal order in Peru. The political parties have collapsed as viable institutions. Many social organizations have deteriorated to the point of becoming mere shells. The economic situation is dire. The society is enormously fragmented and atomized. There is a near-complete breakdown of social values and a rise of countervalues. It is within this context that Sendero's claims must be placed.

A major obstacle to a Sendero victory is a lack of manpower. To leap to the next stage—a standing army and occupied territory—the insurgents will need a lot more people. In some areas of the central sierra, moreover, they have suffered setbacks. There the peasantry has been alienated by SL's excessive violence and has been willing to cooperate with the government in civil defense organizations (which are often a front for older peasant groups).

The cities have become more propitious areas for SL recruitment. From the mid-1980s onward, Sendero began to put a greater emphasis on urban centers. It has been very

pragmatic and flexible in its tactics. In Lima, it is reaping a massive harvest of recruits. It controls at least two major shanty towns in the capital. It has been active in land seizures and in infiltrating social organizations (e.g. soup kitchens) that are important to the people's survival. It is actively recruiting cadres from the Marxist left, getting into business, organizing street vendors and informal markets, collecting dues and taxes, extorting money from both small and large entrepreneurs. The ultimate objective is to control the strategic shanty towns of Lima, so SL can come into the capital when they want to and also get people out. Sendero may well bring people from the cities to the countryside as a means of getting cadres when the time comes to prepare a final offensive.

Sendero's main competitor on the revolutionary left, the Túpac Amaru Revolutionary Movement (MRTA), has been plagued by serious internal divisions. Some of its top commanders have been arrested. It is now restricted largely to the coca-growing area of San Martín. One should not applaud its decline too loudly, however. Over the years, it has been a constraint on Sendero--perhaps as much of a constraint as the Peruvian army.

The participants agreed that Fujimori's *autogolpe* (self-coup) in April had undermined the government's legitimacy and made a SL victory more likely. The worst case or "nightmare" scenario would be a massive government crackdown (à la the Argentine "dirty war") that forced Western retaliation and a cut off of aid and trade. If that happened, Peru could go down the drain fairly fast. That will probably not occur, however, because Fujimori understands the importance of keeping the door open to the West. Nevertheless, SL understands the equation very well also and can be expected to try to provoke just such a wave of government violence.

A number of people commented on the geographical/ cultural and class nature of the struggle. This is not primarily a racial or ethnic conflict, though it has some of those overtones. It is not an Inca revival. Rather, it is a war between the center (Lima) and the periphery (the countryside) and,

especially, between the haves and the have-nots (i.e., class conflict).

There is a sense that Fujimori's economic policies are killing the poor. In this respect, too, the coup has hurt the government. Just when its economic program was beginning to show positive results, Fujimori undermined it by endangering the trade and aid that are so vital to the country's recovery.

Sendero's drug links were also a point of contention. One speaker challenged the conventional wisdom that SL has become involved in the narcotics business (as opposed to merely protecting the growers and collecting taxes). He argued that the evidence of Sendero trafficking is meager; and when you follow the money trail, it leads nowhere. He said that those who maintain that Sendero is in the drug business tend to belong to groups that have a vested interest in the argument: it legitimizes their activities and ensures the continued flow of U.S. funds. This is true whether you are talking about the Peruvian or Bolivian governments/militaries or such U.S. agencies as AID. He found few supporters among the other participants in the panel. One participant said that money spent on day-to-day activities (which seems to be where most of it is going) is probably not traceable. Another suggested that not all that much money is involved. This is the lowest level of the trade. He believes that only $5-15 million is being made a year (as opposed to the $50 million that is often posited). These amounts can be eaten up quickly in daily activities.

Several participants stressed that the key to an improvement in U.S.-Peruvian relations is democratization. Not much is likely to happen until democracy is restored. If Fujimori is willing to make concessions, so are we. The trick is to turn him around without completely deconstructing the economic program which had been put together over the previous 2 years. Emphasis was put on the importance of working with the OAS and Peru's neighbors, rather than acting unilaterally.

One participant stressed the importance of counternarcotics training as a way of defeating Sendero. He said that 1990 had been a watershed year. The USG had worked out a detailed counternarcotics program which would have provided the Peruvian military with significant aid and training---including human rights training—which they needed to do their part to increase security and support the police in the Upper Huallaga Valley. Part of the message was that "if you lose your legitimacy, you lose the war." It was a great opportunity to encourage them to try a new approach which might have worked in the Upper Huallaga. If successful there, the lessons learned could have been applied elsewhere by the Peruvians. Then the Fujimori government turned down the aid. In the next year's training package, the U.S. Congress took the aid to the Peruvian Army out, and the opportunity was lost. After April 5th, of course, the situation became much more difficult. Nothing can be done in Peru without Congressional support, and now opposition is very strong.

A number of participants stressed the importance of military aid as a means of obtaining U.S. leverage over the Peruvian Army, especially on human rights matters. Others were more skeptical. One asked whether the United States can affect the human rights performance of a military institution in combat through the leverage of military assistance. Discussion pointed to the differential impact of U.S. training of individuals vs. the institution. There was a consensus that no leverage is likely to ensue without a program and that an important variable was how badly the recipient institution needed U.S. assistance.

It was noted that while drugs may be our number one priority, they are not the Peruvian government's priority; moreover, that the Peruvians have been very skilled at manipulating our concern with drugs on behalf of their own interests in economic aid and the insurgency.

Policy Implications.

Reengagement of U.S. economic and military assistance depends upon redemocratization. The participants agreed

that without foreign aid, the Peruvian government will be in dire straits. It was further agreed that such assistance is unlikely without the reestablishment of the democratic process. This is the only issue on which there is a consensus in Congress. Accordingly, the current U.S. policy is the right one. Selective sanctions (humanitarian assistance, trade, and limited counternarcotics aid continue) have sent a clear message to Fujimori and demonstrated U.S. resolve without so completely isolating the government and crippling the economy as to threaten the regime's immediate survival (as in Haiti). Opportunities for meaningful communication and negotiation still exist. The United States has demonstrated that it can take its aid program apart piece by piece; and it can be put back together in the same way, if necessary. If Fujimori is willing to make substantial concessions, then so should we—without, however, giving away the store. The United States should continue to let the OAS take the international lead in dealing with the Peruvian regime, since its own hands are largely tied largely by congressional restrictions and previous policy commitments. A breakthrough by the OAS would give the Bush Administration bargaining leverage to obtain concessions from Congress that might not be available if the United States acted unilaterally.

Where Should We Go From Here?

The rapporteurs, Donald Schulz and Gabriel Marcella, recommend that a follow-up roundtable be held to develop a more detailed U.S. strategy on Peru. Much more thought needs to be given to U.S. capabilities and limitations and to the contradictions that often crop up in the course of pursuing diverse and sometimes conflicting goals. In particular, there is an apparent conflict between our counterinsurgency and counternarcotics objectives such that the pursuit of the latter may prove detrimental to the attainment of the former. (Will counternarcotics operations push even more peasants into the arms of Sendero?) There is a pressing need to determine whether, or to what extent, this seeming incompatibility is real. Is it possible to combine or coordinate counterinsurgency and

counternarcotics strategies so that both objectives can be effectively pursued? If so, how? If not, what are the options?

Similarly, we need to further explore the relationship between democracy and counterinsurgency. Are these concepts compatible? In what ways? We also need a better appreciation of what we can hope to accomplish, given the nature, magnitude and complexity of the problems faced and our limited resources/ capabilities. How much influence, for instance, can one realistically hope to have on the strategy and tactics (including human rights behavior) of the Peruvian military? And how do we cope with the domestic constraints on U.S. policy? In the New World Order, guerrilla wars don't have the urgency they once had. How does one mobilize the resources of the U.S. Government to constructively influence the course of such conflicts?

Finally, if it is true that we need a substantial aid program to have an influence on the Peruvian military and if that aid is not likely to be forthcoming, what are the implications for counterinsurgency, counternarcotics and human rights? For the survivability of the Peruvian government? For Peru's neighbors?

The rapporteurs believe that it would be appropriate to reconvene a reconstituted version of the original roundtable to consider these issues. We suggest that Peruvian participants be included and perhaps even someone from Bolivia, Ecuador or Colombia, given the regional implications of the crisis.

APPENDIX

PROCEEDINGS (EDITED)

Initial Presentation: U.S. National Interests and Objectives.

General Fred Woerner began the meeting with a discourse on U.S. interests and objectives in Latin America and Peru. He noted that there has yet to emerge a substantive debate on U.S. policy in Latin America in the wake of the recent traumatic events in the Communist world. We have lost the core value in our strategy and world view and still don't have anything to replace it. There is no unifying policy focus. We don't know what our place in the world is yet. The process is complicated by timing—the U.S. presidential election, with the attendant supremacy of domestic issues. There is also a very real threat of a resurgence of isolationism, especially with respect to Peru.

Woerner argued that this is a crucial moment in the history of our relations with Latin America. It may be possible to break with our traditional pattern of "strategic containment," in which periods of interventionism alternated with periods of isolationism, and develop a more consistent, ongoing policy based on new premises and objectives. Among the factors that may contribute to this opportunity are: the end of the cold war and the cold war ideological construct that imposed constraints on U.S. policy; the emergence of peacemaking as a possible alternative foreign policy mission; the displacement of populism by democratic pragmatism almost anywhere in the hemisphere; the restructuring of the world economy and the emergence of major competitors to the United States; and the rise of new issues, such as human rights and environmental preservation. There may even be a coming of age of the United Nations. But there will still be regional organizations, including the OAS, which will stand in the shadow of nationalism. In general, these trends are positive, and the

single most negative change—the reemergence of nationalism (especially ethnic nationalism)—doesn't seem to have a great impact on Latin America.

The passing of the old era and the issues that dominated it (El Salvador, the Contra war, Noriega, the containment of Cuban expansionism, etc.) has just begun to prompt a debate on Latin America. On one side are those who say that there is no longer a credible threat to U.S. interests in the region; who stress the U.S. budget crisis and domestic socioeconomic problems; and who view the continuing Latin American socioeconomic problems as intractable. On the other side are those of us who see the United States as being increasingly dependent on Latin America for energy and markets; who stress the growing problems of immigration; and who see democracy and human rights issues that are relevant to our core values.

In Peru, the key elements are the insurgency, the coca leaf, the overthrow of a democratic government (the second in Latin America in less than a year), and the possibility of national disintegration. The time may now be right for a new articulation of U.S. interests in Peru. It may be possible to envisage our interests in socioeconomic and political terms, rather than just military terms. Among the issues we need to address are the strengthening of democracy and the economy; the enhancement of human rights and civil liberties; the coca problem; the problem of ecology; and the strengthening of the inter-American system (not simply as a vehicle for U.S. hegemony).

Discussion.

David Scott Palmer suggested that there may be some difficulty in making a case for heightened U.S. concern and involvement on the grounds that Woerner laid out. On the other hand, if you revert to traditional security arguments, you could make a very good case: Sendero Luminoso is out to "take over the world."

Fred Woerner responded that his concern with dealing with the problem in traditional security terms is that security

concerns have been discredited on the Hill. Sendero does not have credibility as a threat to U.S. national interests, and especially to U.S. vital interests. If we don't rearticulate our interests in terms of the new expectations coming out of the New World Order, we risk being viewed as anachronistic and neanderthal.

Peter Hakim noted that none of Abe Lowenthal's generalizations about U.S. interests apply to Peru: it is not close, there is no economic growth, etc. He said that every time we use the word "interest," we feel compelled to put "vital" in front of it. He has stopped using the term. Instead, he likes to talk about "opportunities." Yet, there are few opportunities for the United States in Peru. The people who really have an interest in the place are its neighbors—because of cholera, refugees, Sendero, etc. There is also the question of civil-military relations in neighboring countries: If Sendero wins, cutting back the armed forces becomes much more problematic. Whatever we do should be done in conjunction with Peru's neighbors. The latter should take the lead. If they aren't concerned, it is hard for us to do much. Peru is too far away and not particularly intertwined with other concerns. Unless we can move in concert with neighboring countries, it isn't worth it.

George Allport asked whether those neighbors can move in their own interests, without the United States taking the lead.

Scott Palmer pointed to the example of the Andean Pact.

Peter Hakim noted that it is important that the United States distinguish what is vital to it, as opposed to what is merely important.

Cynthia McClintock observed that Peru has fought wars with Ecuador and Chile and that there has been a recent rekindling of tensions with Ecuador. Her sense is that the United States has been reluctant to step into the Peru-Ecuador conflict.

A participant agreed and said that it was amazing that those tensions had been resurrected. But he also noted that there

had been even more recent cooperation between Peru and Ecuador on air force matters.

Second Presentation: The Challenges to U.S. National Interests and Objectives.

The presenter noted that Peru is the world's largest source of coca and a major human rights abuser, but he agreed with Peter Hakim in the sense that he is not sure what U.S. interests are. The good news is that Fujimori's economic policy has begun to take effect. The bad news is that the social costs are enormous. Moreover, the government has no real political consensus or military strategy. The legal opposition has been disenfranchised. Fujimori has polarized the country. To him, the sustainment of democracy is the greatest challenge. This is not just the Fujimori threat, but also the socioeconomic threat and the Sendero threat. We need to reach a consensus as to what U.S. interests really are.

Third Presentation: On Sendero Luminoso and the Tupac Amaru Revolutionary Movement (MRTA).

Michael Smith stressed the high stakes being played for. He does not believe that Sendero will stop with a victory in Peru. Sendero claims to be in the intermediate stage of struggle, which is an ambitious statement for a movement with only 5,000 combatants. But we must understand this in political terms. Smith has just come back from Peru and was aghast at the situation there. There is a wholesale breakdown of legal order. The law of the jungle prevails in the streets. The political parties have collapsed in terms of being viable institutions capable of representing social interests and reaching a consensus. Except for the American Popular Revolutionary Alliance (APRA), the parties are mere shells. Similarly, many social institutions have deteriorated to the point of being husks or facades. The economic situation is dire. The society is enormously fragmented and atomized. Anomie is widespread. There is a complete breakdown of social institutions and values and a rise of countervalues.

When you look at all this, you can understand why Sendero claims that there is a strategic stalemate. Nevertheless, there are two major obstacles to a SL victory: One is their lack of manpower. They have been successful up to now. But to leap to the next stage—a standing army and occupied territory--they will need a lot more people. Second, they have suffered setbacks in the central sierra, where the populace has organized into *rondas campesinas* (peasant self-defense organizations) which have turned the tide in Junín and a few other areas. There people have been willing to collaborate with civil defense organizations. Many of these groups are front organizations for older peasant groups, and they have created serious problems for Sendero.

Meanwhile, the cities have become propitious areas for recruitment. From the mid-1980s onward, SL began to put a greater emphasis on the cities. Sendero has been very pragmatic and flexible in its tactics. In Lima, there are a number of spearheads where it is reaping a massive harvest of recruits: One element here is urban migration. There has been a drought in the sierra, and this has accelerated already high rates of migration to the cities. Sendero has encouraged this. It has been working in squatter settlements and been active in land seizures and controls at least two of the shanty towns in the capital. It is also infiltrating and penetrating social organizations (e.g., soup kitchens) that are important to people's survival. In addition, SL is actively recruiting cadres from the Marxist left, especially from organizations which no longer exist (the old left doesn't exist anymore). Moreover, Sendero is getting into business, organizing street vendors and informal markets, collecting dues and taxes. It is working with both small and large businesses, blackmailing them for money. The ultimate objective is to control the strategic shanty towns in Lima so SL can come into the capital when they want to and also get people out. Smith believes that SL will bring people from the cities to the countryside as a means of getting cadres when they prepare for their final offensive.

Sendero has displayed more vision than any other organization in Peru. In contrast, the MRTA has shown a marked capacity for having its top commanders arrested. It is

plagued by serious internal divisions and is now largely restricted to the coca-growing area of San Martín. Over the years, the MRTA has been a constraint on Sendero—perhaps as much of a constraint as the Peruvian army. For that reason, one should not applaud its decline too loudly.

Discussion.

Jim Kelly asked whether there was any role for the Church in all this.

Michael Smith responded that a major problem is that there is a stalemate between the liberation theology wing, the conservative wing, and those in the middle who just want to get on with mass. Sendero has staged a number of attacks on the Church that have paralyzed the hierarchy. The latter can't decide what to do, so they do nothing.

Peter Hakim noted that the traditional strategy of the left has been to take over infiltrated institutions, rather than destroy them. Sendero seems to be different.

Michael Smith replied that Sendero recruits individuals. They will take a shanty town organization and radicalize it. This often leads to the breakdown of the institution. At that point, Sendero can step in and pick up the pieces it wants. Sendero's infiltration is pragmatic. It gains intelligence. And by penetrating these organizations now, it can prevent the formation of an organized opposition.

A participant said that he saw the MRTA gaining in the urban areas because of the coup. Those on the left with no political space or open possibilities of organizing may flock to the MRTA as a less radical alternative to Sendero. That is why the government is targeting the MRTA now, picking up its leaders and so on.

Michael Smith said that there are two factors acting against such gains: One is Sendero's image of success, and the other is the MRTA's image of failure.

A participant asked Smith to comment on the SL's use of violence, noting that it has radicalized many people against

Sendero. In the long run, is it going to mobilize people in a way that Sendero will regret?

Michael Smith responded that the SL uses violence as a means of gaining legitimacy and disarticulating the opposition. Where it becomes a problem is when they gain control and violence is used as an indiscriminate instrument for mobilizing the populace (especially in the central sierra). The way they have tried to deal with the problem is by provoking the military to be even more violent than they are.

Fourth Presentation: Coca.

John Fishel said that there are four myths surrounding coca: that it increases stamina; that it is of religious significance; that it has many negative and debilitating effects upon the user (in fact, there are few negative effects from the *chewing* of coca, except when it is used as a food substitute); and that Indians need a coca break in order to work.

Playing the Devil's Advocate, he also introduced a fifth "myth"—namely, that of the SL-narcotrafficker connection. This is the claim that Sendero is in the coke business in league with the cartels or on its own. He noted that Sendero protects the growers from the cartel and the government. But this is not the same thing as being in the business yourself. We have always been told that SL is using drug money to buy arms. But the arms it has are old and unsophisticated, and the dynamite it uses is easily stolen from the numerous mining camps in the sierra. When you follow the money trail, it mostly leads to smoke.

There is another interesting question here also, namely: In whose interest is it to make the Sendero-narcotrafficker connection? He suggests that every Peruvian and U.S. Government agency has a vested interest in making the argument because that is the way you get U.S. aid/financing. This is true of the government; it is true of the military; it is true of the Bolivians also; and it is true of USAID. They all have an interest in keeping the money flowing.

Within this context, he noted that one possibility is that the alleged drug money goes to political organizations in the cities—to safehouses, for propaganda, to political organizations, etc. But he suggested that this is very hard to prove; and in any case if Sendero takes over it is likely to shut down the country to drugs. (At least, that is what their ideology suggests.)

Discussion.

Scott Palmer noted that the U.S. concern with Peru has revolved fundamentally around drugs. What is intriguing is the way the Peruvians have been able to take the U.S. priority of the drug war and turn it around to meet their own interests in the economy and the insurgents. It is almost like a shell game, where the pea is in the narcotics pod, then suddenly it is in the insurgency pod.

Cynthia McClintock said it had always been our expectation that SL would use its money for weapons. But in fact it has mainly been in daily activities that the money has been spent.

John Fishel responded that the trouble is that the money trail doesn't lead anywhere.

Dee Munger (audience) said that there are estimates that anywhere from $20 million to several hundred million dollars have gone to Sendero. If it is not going for arms, then it must be going for something else. But it is generally accepted that they are taking in a lot of money. He thinks that it is in Sendero's interest to encourage the export of coca.

John Fishel replied that this is a plausible argument *if* you don't believe their propaganda.

Dee Munger noted that there was a recent instance in which some defectors from SL testified that they had left the movement because it had become corrupted by drugs.

A participant said that we (the USG) first began to get really concerned about Sendero when it became involved with drugs. SL went down into that environment to run the MRTA out. (The latter had been making megabucks.) Sendero viewed the

MRTA as a major long-term threat. The participant said that he doubted that money spent on day-to-day activities, including troops and organization, is traceable.

Another participant disclosed having a photo of an SL poster dictating the terms of the coca trade. The poster includes prices for the product and the rules of engagement. (You won't mess with Peruvian women, etc.) This individual knows the person who took the picture and is convinced that the poster is genuine. He also noted that this is the lowest level of the trade. Not all that much money is made by the farmers or by Sendero. He believes that somewhere between $5 and $15 million is being made a year by SL, not the $50 million that has sometimes been posited. This can be eaten up very fast.

Fred Woerner noted that some critics of U.S. policy toward Latin America have conceded that amazing progress has been made politically, even as the socioeconomic situation has deteriorated. He wondered out loud whether that political progress would have occurred had not the United States paid serious attention to the security problem. Is the situation in Peru such that a 1980s security policy is more relevant than a policy that gives priority to other factors? Perhaps what we need is a strategy that stresses security. Maybe it is time to apply the policies that contributed to our political success elsewhere to Peru.

Peter Hakim argued that U.S. drug policies in the Andes probably interfered with our coming to grips with the other problems of the region. Drugs are too central a concern; they have undercut our ability to deal with other Andean problems.

A participant retorted that the drug problem is there, and there isn't anyone in Washington who has the political courage to say we ought to get out. Moreover, it is a problem, and it has to be dealt with. The question is how do you get past the drug problem and get to the larger problem of democracy. You can't just ignore drugs.

Scott Palmer said that the real question is: What is the best combination of policies? What is realistic, given the constraints of the policy process and the environment?

Fifth Presentation: The Socio-Economic Crisis.

Cynthia McClintock noted that the socioeconomic crisis has been more-or-less ongoing since the mid-1970s. Peru has had very poor economic leadership. President Belaunde borrowed a lot of money, committed the government to a lot of big projects, and, in general, didn't know what he was doing. This led to the populist presidency of Alan Garcia. For two years, things looked good. But the country was feeding off its reserves, and when they ran out it went downhill quickly. In turn, Garcia gave way to Fujimori. It is sometimes forgotten that the current president was the moderate candidate in the last election—moderate in comparison to Vargas Llosa. But he recognized what had to be done to get back into the good graces of the international lending agencies. The resulting program of budget cuts, price rises and other austerity measures has taken a horrendous toll. In 1989 only 19 percent of Lima's workforce was adequately employed; 2 years later that figure had fallen to 5 percent. The legal minimum wage in 1990 was only one-fourth what it was a decade earlier. Prices had skyrocketed. By 1991, only 5 percent earned enough to buy the basic consumer basket. The country was being ravaged by cholera.

One of Sendero's appeals is economic. There is a sense that the government's policies are killing the poor. Corruption also has fueled the resentment. The government doesn't have enough money to pay military salaries, so a lot of people are leaving. The only real bright spot is with respect to Peru's reinsertion into the international economic community. But that has come at an enormous social price and, in any case, is now threatened by the *autogolpe* (self-coup).

Sixth Presentation: The Political Crisis.

David Scott Palmer made four points: (1) Fujimori's *autogolpe* in April has reversed most of the gains that have been made. It has demoralized the home team and could eventually lead to the loss of the ball game. The coup has undermined the democratic linchpin that formed much of the base of legitimacy of the regime. It also undercut the domestic

economic gains that had been made. (2) Notwithstanding the above, there is considerable disgust with democracy in Peru. Since the military turned political power over to the civilians, there have been three governments. Yet, the problems that they were elected to deal with have remained unsolved and, indeed, have gotten worse. (3) There is the center-periphery problem. On the one hand, you have the life and electoral politics of Lima: on the other, the countryside and the informal sector. It is the periphery that is the world of Sendero. This is what ultimately counts. (4) The real revolution in the last dozen years has been in the local organizations that have been created to enable people to survive. Sendero is competing for control of these resources. Unless in the short run new resources are found, the game could be over.

Seventh Presentation: The Peruvian Crisis in the Regional Context.

Peter Hakim asked: What is the significance of the coup for the rest of the region? For U.S. and OAS policy? He noted that between 1976-91 there had been no successful military coup against an elected government. (A partial exception was Bolivia, where the military didn't allow an elected government to come to power.) Now there have been two coups in the last 9 months and a close call in Venezuela. Is the pendulum now moving in the other direction? Will it continue? His conclusion is that Haiti and Peru are not very good indicators as to where the rest of Latin America is going. These are two of the most battered countries in the hemisphere. What has happened there has no more relevance than Chile's and Mexico's recent economic performance for the rest of Latin America.

He suggests that if U.S.-OAS policy has failed in Haiti, it has been a quiet success in Peru. We were wise not to impose sanctions in the way we did in Haiti. The sanctions we did apply have been subtle and targeted, not indiscriminate. They have been aimed at Fujimori's attempt to reintegrate Peru back into the international economic order. And they have had an effect: Fujimori has backtracked somewhat. He has promised to hold constituent assembly elections and to invite the OAS to monitor them. On the whole, U.S.-OAS policy has been

successful in creating a framework for nudging back into a constitutional process a country where that process has been ruptured.

John Fishel suggested that Hakim is too optimistic. The time is about right for a swing back to authoritarian rule. He noted that dictatorship has a basis of legitimacy in Latin America.

A member of the audience noted that Latin American armed forces have different levels of tolerance. In some countries, the military is popular; in some it is not. He thinks that there is always a possibility of having an authoritarian cycle again. Anytime you have serious problems that are not being effectively dealt with, it is a possibility.

A participant said that he thought that U.S. policy was right. It is a bit too neat and tidy to say that Peru is so special that nothing can be done.

Peter Hakim replied that his views were more subtle than were being represented. All he was saying was that you can't predict *on the basis of the Peruvian experience* that coups will occur elsewhere. That doesn't mean, of course, that there won't be any.

Eighth Presentation: The Elements of U.S. Strategy.

The presenter told the story of a vice-minister of defense from a large Western European country who visited Peru in 1986 for the purpose of studying Sendero. After travelling to Ayacucho, he returned to Lima, where he met with the Peruvian minister of defense. The latter confessed to his visitor that he was amazed that anyone from Europe was interested in Sendero. Whereupon the vice-minister told him: "You really don't understand. Sendero is the AIDS of politics. You have it for ten years before you know you've got it. Moreover, it is not limited to Ayacucho or even Peru."

The presenter said that this is not a war that we can win for the Peruvians. It is the wrong kind of history, the wrong (U.S.) Congress; there are Peruvian sovereignty concerns and our own limitations in dealing with insurgencies. That doesn't

mean that we can't help. But he has never seen a more sensitive issue in Congress than that of military aid to Peru.

Moreover, the Peruvians are not easy people to help. We had planned some $34 to $36 million in aid per year under the Andean strategy and had spent a lot of time and effort working out a program with the Peruvians. And then the Fujimori Government turned down the aid. About that time, the military finally began to understand that they were losing the war. (Among other things, they had a hidebound adherence to doctrines that weren't going to work.) Nineteen ninety was a watershed. It was a great opportunity to try something that might have worked in the Upper Huallaga Valley. We had developed a plan that would have provided the Peruvian military with training for counternarcotics operations. This would have included intelligence, civic action, psyops, patrolling, ground transport, local and tactical road security, etc. Human rights, too. The message was that if you lose your legitimacy, you lose the war. Would it have won the Upper Huallaga? Maybe. Maybe not. But it might well have been a beginning. They might have learned lessons and applied the strategy elsewhere. Had we been able to train several battalions for the Upper Huallaga Valley over two or three years, the Peruvians might have learned how to deal with Sendero. As things stand now, we can't even give human rights training. We can't give human rights training under the counternarcotics exception because it is not counternarcotics training. What is needed is to put the right doctrine into the military schools and make sure that it suffuses all levels of the armed forces. You don't need megabucks, but you do need some. You need IMET, subject matter exchanges, military visits, exercises. (You get a lot of training in exercises.) All this can't help but open up people's eyes somewhat. You need a personnel exchange program.

Discussion.

Peter Hakim asked him to give a couple of examples of countries in which we have engaged the military in the way he has described and in which there have been significant human rights and other gains.

A participant observed that one of the frustrations that all of us (who have lived in these situations) experience is the sense that we are swimming against a very strong current. But you have to do something.

Fred Woerner said that he could cite figures from El Salvador (1982-89) in which there was a very significant improvement in the conduct of the military. (Though it still falls far short of what we would like it to be.) It is a tough problem, and you are not going to solve it. But you can help improve the situation somewhat (maybe substantially), and that is a lot better than doing nothing.

Gabriel Marcella noted that the efforts to improve human rights in El Salvador hurt the FMLN's recruiting ability. When the human rights situation began to improve, the guerrillas had an increasingly hard time recruiting. This is what the former insurgents are telling us now.

A participant said that the number of inspectors-general in the Upper Huallaga Valley has been doubled. Civil affairs activities have been set up. What is needed are more personnel exchanges—more IMET and small unit exchanges. It is rumored that there will be an effort to keep experienced commanders in the valley. The number of soldiers there has almost tripled.

Gabriel Marcella asked how you sustained the learning process.

Fred Woerner replied that a critical element in El Salvador was the incorporation of Salvadoran officers into the instructor's program. Human rights violations can occur among the very best. You have to provide constant, ongoing training and instruction, and bring the Latin officers themselves into it as instructors.

Michael Smith suggested that there had to be space where you could bring civilians into the discussion of military issues. There are very few civilians in Peru who can understand military problems. There must be some civil-military integration.

John Fishel said that the problem is that civilians are uncomfortable with the military and vice versa.

A participant added that another problem is that there is no consensus as to how to attack an insurgency. He said that the Peruvian military has been borderline ready to intervene for 2 years.

Another participant said that one of the major problems that needs to be addressed is some kind of human rights training. There have been problems with this because of congressional restrictions on IMET.

Gabriel Marcella commented that what the panel is saying is that Peru is a loser for U.S. resources. He asks: What are the things that can be done successfully?

Ninth Presentation: U.S. Institutional Capabilities, the Political-Diplomatic Element, and International Support.

The presenter said that economic issues are the most important source of leverage for turning Fujimori around. The problem is how to turn him around without completely deconstructing the economic program we had put together over the previous 2 years. The message we sent is we can take the program apart piece by piece, if necessary. That message has been heard. The question is whether Fujimori will go far enough. In general, our food and other programs that aid the poor will go forward, with the minimum involvement of the Peruvian government.

He notes that a considerable amount of aid has been halted. Between U.S. aid, trade, and third-country (especially Japan and Europe) bilateral assistance, the cuts have been very substantial. If Japanese revenues aren't there, Fujimori's economic recovery program is dead. Debt rescheduling is also a major weapon. The question is how to make these threats credible, without actually using them.

He also noted that Peruvian electoral machinery is antiquated. He said that we are only asking Fujimori to dialogue with the opposition and get its input.

Discussion.

Gabriel Marcella said that he had the impression that we had lost direction. We had put the drug war at the top of our priorities. Now we have switched and are stressing democracy as our main goal.

The presenter commented that policy is not likely to be effective as long as we are switching back and forth.

Marcella asked which of these goals should be our priority in our talks with Congress.

The presenter said that it has to be democracy. That is the only issue on which there is a consensus in Congress.

George Allport pointed out that the military assistance (equipment) that is in today's program takes time—maybe 2-3 years—to get on the ground. Little of significance has yet gotten to Peru.

A participant replied that the first tranche was only released in January. The Peruvians didn't accept the 1990 money, and the 1991 money got held up with conditions.

Donald Schulz asked about the prospects for a Sendero victory. What were the odds and why?

Scott Palmer responded that he thought that the Sendero phenomenon was overstated. SL suffers from a number of limitations and problems. In some areas of the country, it has suffered reversals. One of its great strengths is in its cult of personality. But this is also a weakness—especially if Guzmán is eliminated. The primary problem is on the government side: The government can lose the war. It has been very ineffective in many areas for a long period of time. One of the most remarkable things about Peru is how incredibly enduring the populace has been in the face of a truly awful situation. The question is how long this can last. At what point does the government screw up so badly that it brings itself down? In this sense, what the government does is more important than what the guerrillas do. With this in mind, he estimated Sendero's chances of victory at no better than 20

percent, though the movement has been strengthened by the events of recent weeks.

Cynthia McClintock noted that it is very hard to gauge Sendero's support in the countryside. No one goes into it anymore. There is no doubt, however, that the *autogolpe* created an advantageous situation for the guerrillas. It is a tremendous problem. Based on the developments of the past year—including SL's advance in the cities and the government's extraordinary incompetence—she gave Sendero a 50-50 chance of winning within the next 5 years.

Michael Smith said that we must begin with the premise that Sendero can win. There has always been great complaisance on this point. The group is so weird that many people originally assumed that it would never go beyond Ayacucho. This tendency to underestimate the movement has developed into a syndrome. While he is leery of talking in terms of time limits, he believes that the *autogolpe* was a watershed. Beyond a clear-cut Sendero victory, however, he could also envision a situation of such chaos that it would amount to the same thing.

A participant agreed that this is a critical juncture. The coup was an act of desperation. The decisions Fujimori makes in the next 90 days may well determine the future. The great fear is that a campaign of repression will be launched. If that occurs, Sendero will begin to gain strength again. But if the government chooses an enlightened campaign, then it has a chance to make some gains. But this is a long-term problem. It will be with them for more than 5 years.

Michael Smith noted that there is a great deal of division within the army now. The "Argentines" believe Fujimori caved in to foreign pressure. They believe that a military regime is needed to defeat Sendero. On the other side of the issue are the traditionalists, who want to return to democracy as soon as possible. But they don't have a counterinsurgency program.

Smith went on to say that the *senderista* movement is not a revival of the Inca empire. Nevertheless, they are working in Bolivia, and there have been reports of some activity in

northern Chile and on the border with Ecuador. He can see them working internationally very easily.

Scott Palmer reiterated that Sendero does not represent a new Incan empire. Rather, it wants to create an agrarian-based, self-sufficient system.

Cynthia McClintock inserted that it is easiest to understand in terms of Maoism.

Peter Hakim said that there is a danger in worrying only about Sendero and forgetting about the country's other problems. What is needed is to help the Peruvians to reformulate solutions to build a strong Peru. This is not primarily a military threat but a government that doesn't function.

Scott Palmer posited that the central problem is the continuing gulf between the center and the periphery. He defined it in "profoundly racist terms." It is hard for Peruvians, he said, to see their countrymen in terms of people who are equally deserving of the country's resources.

Michael Smith emphasized that Sendero is not a purely ethnic or racial organization. It draws on those pent-up furies, but they are not the primary force. He noted that the word "Indian" doesn't appear in SL literature. Rather, the emphasis is on the peasantry and the poor.

Fred Woerner asked what made Peru different from Ecuador and Bolivia.

Cynthia McClintock said that, for starters, Peru is the only Andean country with its capital city on the coast.

Scott Palmer noted that there is also a question of equitable distribution of natural resources. There is enough land in Ecuador and more than enough in Bolivia. Peru is different.

A participant said that ethnic divisions apply to the military. You find short, brown people in the valley, and tall, white people in the city. He also noted that the Air Force and Navy are less concerned with the insurgency because they are less involved.

A member of the audience noted that one of the worst things a country can have in these situations is size. In Peru, you have the combination of a big country and an incompetent government. He said that he does not believe that Sendero will take over but that it is like the cholera—it will be in the country for a long time.

Final Presentation: Counterinsurgency and Counternarcotics, Military and Police.

The presenter said that up until the April coup the Peruvians had come a long way. Fujimori had sound programs. He was moving military folk into the right positions, extending the tours of key officials, etc. He thinks that the right people are in the right positions now. If that changes, however, it will be a different ball game. He noted that although drugs might be our number one priority, they would not be the number one priority of the Peruvian government.

Gabriel Marcella asked how pervasive learning was in the Peruvian military.

The presenter answered that some senior officers had learned the importance of civic action, human rights and so on. This is not as prevalent among the police, however. Nor are such attitudes as prevalent in the middle ranks of the armed forces. Most of the junior people are just trying to survive. They are paid only $250 a month. Many of those in the city have to take second jobs just to make ends meet.

Peter Hakim asked when the human rights situation would improve.

A participant said that there had been a noticeable decline in violations since August.

Another participant said that the thing that has changed ("a phenomenal contrast") was their attitude towards their own institution. The last thing an officer wants to do is disgrace his institution. They are coming to understand that the way to deal with human rights violations is not by covering them up but through a system of military justice.

The first participant talked about the "nightmare scenario": If Fujimori unleashes the military to engage in an Argentine-style counterinsurgency campaign, that may force the West to retaliate by cutting off aid and trade. Then Peru would go down fairly fast. So far, at least, Fujimori hasn't done that because he wants to keep the door open to the West. The glass is less than half full, but at least it isn't empty.

Gabriel Marcella noted that in El Salvador we had leverage over human rights and military operations. He asked: What leverage do we have in Peru?

Fred Woerner replied that without a substantive security assistance program, the U.S. military is virtually powerless. There is almost a direct proportion between military assistance and U.S. influence.

Scott Palmer added that this does not always mean that the relationship is easy to see.

A participant felt that nonsecurity assistance—that brought in officers from the National Guard, for instance—was also valuable in opening up dialogues.

John Fishel said that it was clear that our impact on the Salvadoran armed forces is greater than on the Peruvians. The basis of our influence in El Salvador was a significant security assistance program and a large U.S. military group. They didn't do everything we wanted, but they did a lot. We have never had that kind of leverage in Peru.

Fred Woerner added that it is hard to compare El Salvador and Peru. But one can compare El Salvador and Guatemala. He concluded that our more punitive approach was self-defeating in Guatemala. In El Salvador, we were able to achieve things by leverage that we might also have achieved in Guatemala had we used a different approach. Instead, we cut off our leverage.

Peter Hakim asked whether we ever used all our leverage in Salvador.

Woerner replied that we never did. We were too timid.

Gabriel Marcella asked whether there was not a fine line—not just timidity—beyond which you step into the situation so much that you try to do their job for them.

Woerner responded that U.S. advisors prefer to be liked, and that introduces constraints. They usually don't push to the threshold of their influence.

Marcella said that there was an assumption that the Salvadorans needed us more than we needed them. The situation in Peru is different.

Fred Woerner noted that General Vides Casanova and other top Salvadoran officials recognized the vital nature of U.S. aid. They bought the program, and part of the price was our leverage/influence.

A participant noted that we had lost a great deal of the 1991 money and that much of the 1992 money is either lost or suspended. He asked: How do the resource providers look at Peru and Latin America? His impression is that most congressmen don't care about Latin America, much less Peru. A lot of their staffers have been affected by interest groups and are not very interested in helping Peru. In an election year, you won't get much money. Economic Support Funds (ESF) will probably get the lion's share of whatever is to be had by Latin America. The fact is that other areas of the world have greater claims. The key for Peru is what Fujimori does. If he meets our standards, he will get something. If not, he won't.

The presenter agreed that we were operating on a shoestring. Everything is dependent on democracy.

Gabriel Marcella asked: What if the hearings on the C-130 (the U.S. military transport plane shot down by the Peruvian Air Force shortly after the coup) conclude that it was an intentional shooting?

A participant replied that if people are looking for a reason to pull out, that will help.

Peter Hakim suggested that the ability to use our leverage effectively depended on the credibility of our threat to cut aid. Cutting our assistance to Guatemala may have made the

threat to cut aid in El Salvador credible. The question is how to make the threat credible without using it precipitously.

Fred Woerner commented that the credibility of our Salvadoran threat had nothing to do with Guatemala. Rather, the confrontational balance between the administration and Congress made the threat credible.

John Fishel added that there was also a question of how much leverage you can muster if you haven't delivered any aid.

Woerner noted that another dimension of the problem had to do with the crisis perception of the recipient. In El Salvador, especially in the early years, self-preservation was the critical issue. The guerrillas were perceived as a real threat.

Jeremy Stone of the Federation of American Scientists (audience) said that, if you are trying to impress upon Congress the importance of Peru, democracy wasn't much of an issue. The drug question was more important, but still wasn't enough. In principle, though, there was broad left-right support for doing something on human rights grounds. There is a cancer in Peru—Sendero. You would have to appeal over the head of Congress to the American public. As long as the public isn't interested, neither are congressmen. It is possible to make the campaign well-defined and saleable. We—the American Federation of Scientists—are organizing an anti-Sendero conspiracy.

Peter Hakim said that he was not comfortable with Jeremy Stone's approach. He is uneasy about trying to simplify the problem for Congress. The consequences of simplification are not good. The task is to show the multidimensionality of the problem and the need to work on different facets in different ways. We need to work on all fronts.